BOATING BUSINESS Issue

BOATING INDUSTRY®

THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY

JANUARY 1991

Kenwood's new compact TKM-307 VHF radio.

ELECTRONICS 1991

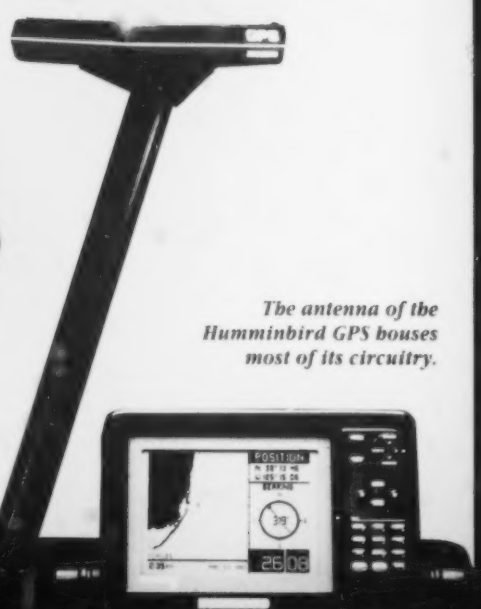
3-D or Not 3-D? Fishing for Answers

Tracking the SSB Frequency Changes

The Lowrance LMS-150 integrates sonar and loran.

The Interphase Echo 200 portable sonar.

The KVH Azimuth 100, a high-style compass.



The antenna of the Humminbird GPS houses most of its circuitry.

The HP 8000 autopilot remote from Navico.

BOATING INDUSTRY

FEATURES

PHOTO COURTESY BMR MARINE ELECTRONICS

Future of Sonar . . .or Red Herring?
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The BOATING BUSINESS 1990

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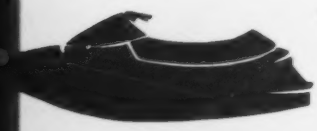
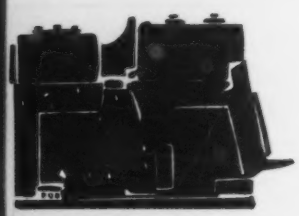
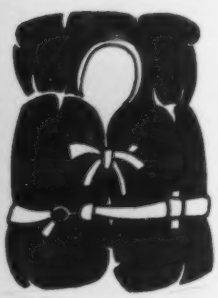






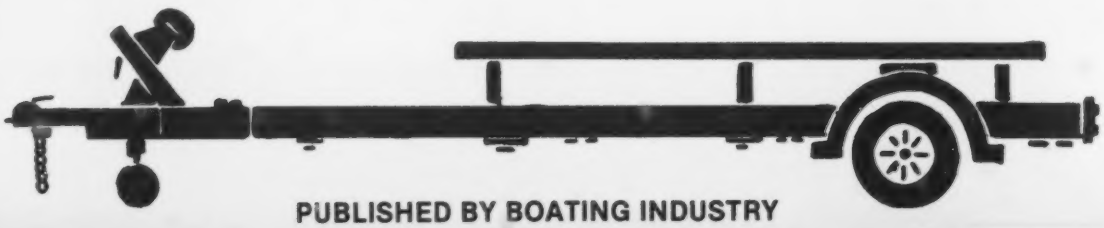
The past two years have hit the U.S. boating industry like a one-two punch, with successive retail sales declines of approximately **10** percent in 1989 and **20** percent in 1990. Congress attempted to throw the knock-out blow in late September, in the form of a 10 percent tax on new boat sales exceeding $30,000, but intense lobbying helped avert a total disaster.

As it is, the industry will now have to live with a **10** percent excise tax on the amount of a new boat's cost that exceeds **$100,000**. In addition, new federal user fees will require boaters to pay an annual levy of anywhere from **$25**, for boats 16 to 19 feet, up to **$100**, for boats over 40 feet. The government had not yet worked out all the details of implementation at this writing, but industry groups including the National Marine Manufacturers Association (NMMA) and the Marine Retailers Association of America (MRAA) vow to fight for a repeal of both measures.

In other legislative matters, the industry scored some victories in 1990. On the environmental front, NMMA lobbying helped soften the blow of the newly passed Clean Air Act; exceptions were made for boat builders in meeting tight VOC emission standards. In Florida, a call for speed limits and restrictions on boating was defeated, but some limits on marina construction were enacted on an "emergency" basis.

The national economy edged deeper into recession at year's end, with the Iraqi invasion of Kuwait increasing fuel costs, inflation and consumer anxiety. A resolution of the Mideast crisis could go a long way toward restoring consumer confidence, but fundamental economic problems such as the budget deficit, consumer debt and sagging real estate markets are likely to persist.

Thus far, availability of fuel has not been a problem; the combination of increased output and reduced consumption worldwide has prevented the ultimate disincentive to boating—gas lines and shortages. Marine fuel prices hovered near $2 per gallon at year's end, but, barring war, prices are expected to moderate by next season. In the long run, the crisis may increase worldwide oil production, reduce OPEC's influence and lead to national energy policies that would ultimately stabilize petroleum's effect on the marine industry.



PUBLISHED BY BOATING INDUSTRY

THE YEAR IN REVIEW

☐ Glasstream Boats of Nashville, Ga., builder of Glasstream, Arrowglass and Century Boats, was purchased by newly formed General Marine Industries of Panama City, Fla.

☐ Invader Boats of Austin, Texas, was closed and subsequently purchased by Wesmar Partners of Pittsburgh, Penn., makers of Blackfin Yachts and Shamrock boats.

☐ Coastal Skiff Inc. of Jacksonville, N.C., was declared bankrupt, but its Carolina Skiff line was subsequently revived by the Waycross Skiff Corporation of Waycross, Ga., a newly formed company headed by the boat's original designer.

☐ Manufacturing giant Brunswick Corporation continued the consolidation and restructuring it began in 1989, but the company returned to profitability despite an estimated **19** percent drop in sales for the 12 months ending Sept. 30, 1990. The company's aluminum and fiberglass fishing boat lines were reorganized under central administration in Topeka, Ind.

Mercury, MerCruiser, Mariner, Force and newly acquired Kiekhaefer Aeromarine were consolidated as the Brunswick Marine Power Division, with central administration in Fon du Lac, Wis.

☐ Outboard Marine Corporation initiated cost-cutting under its new Chairman, James Chapman. The combination of 10 plant closures, employee layoffs and a **22** percent decline in sales left the company with a net loss of **$75.5** million for the 12 months ending Sept. 30, 1990.

Despite OMC's losses, the company continued its acquisition of boat companies. Early in the year, OMC purchased well-known aluminum boat builder Grumman Boats of Marathon, N.Y. At the conclusion of the season, the company acquired Topaz Marine Corp., builder of premium-quality offshore fishing boats.

Internationally, OMC acquired Altra Marine Products, a Canadian builder of small aluminum boats, and two Australian builders: Stacer Alloy Craft of Altona, Victoria (aluminum boats), and Irisbowl Pty. Ltd. of Yatala, Queensland (fiberglass boats).

☐ Privately held Genmar Industries began the year by introducing Wellcraft's Genesis, an unusual open-deck boat, and the Triumph cruiser line. Soon thereafter, sterndrive maker Volvo Penta exercised an option to purchase a **20** percent stake in IJ Holdings Corp., parent company of Minstar and Genmar, for **$100** million. As the season progressed, soft sales led Genmar to close a Glastron plant in North Carolina and shift production of Aquasport boats to the Wellcraft fishing boat plant in Sarasota, Fla. Citing industry weakness, Genmar Chairman Irwin Jacobs also delayed a planned entry into the marine accessory distribution business.

☐ Sailboat manufacturers C&C, Ericson, Hinterhoeller, Tartan, Cape Dory and Bristol hit hard times during 1990. C&C Yachts of Ontario, Canada, spent several months seeking new ownership before entering reorganization. Ericson Yachts of Irvine, Calif., was declared bankrupt and certain of its assets were sold. Assets of Ontario, Canada-based Hinterhoeller Yachts were purchased out of bankruptcy. Two investors plan to continue building and marketing the builder's Nonsuch and Niagara lines. Tartan Marine of Grand River, Ohio, and Cape Dory Yachts of East Taunton, Mass., both ceased production in the fall, but each company said it would resume building at an unspecified future date. Bristol Yachts of Bristol, R.I., ceased operation and entered state receivership.

☐ Sail industry leaders formed the American Sail Advancement Program (ASAP), a new trade organization aimed at revitalizing the sailboat industry.

☐ The best news of the year came on the export front. Shipments overseas increased **50.8** percent from year-earlier levels. The boom was attributed to a weakened U.S. dollar, aggressive marketing abroad and the high-quality reputation of U.S. marine goods. Domestic builders can take comfort in the fact that imports have declined by **21.4** percent during the year. Again, the weakened U.S. dollar is blamed.

Sources

The Chicago-based National Marine Manufacturers Association (NMMA) provides the most comprehensive and detailed statistics available in the marine industry. Its information is culled from 14 control groups composed of leading manufacturers sufficiently representative of their segments of the industry. Reporting companies, including new participants added at the beginning of each model year, report their product shipments to the retail level on a monthly basis.

Using its cumulative data for the year together with retail sales analyses, the NMMA produces a year-end report detailing estimated retail sales for the preceding model year (Aug. 1, 1989 to July 31, 1990). Most of the statistics provided herein are derived from the year-end report, however, BOATING INDUSTRY provides its own textual analyses within each category, this year including tracking of the consumer price index and inflationary factors.

This year's Boating Business Report also includes market estimates provided by Power Systems Research (PSR), an international market research firm based in St. Paul, Minn. PSR specializes in the power products industries for on- and off-highway equipment and has marketed marine industry reports since 1987. PSR's engine estimates are based on research conducted among engine manufacturers, marinizers, distributors, transmission makers, boat builders and the U.S. Dept. of Commerce.

Also new for this year is a National Sporting Goods Association (NSGA) study of U.S. recreational activities and participants in 1989. The data is based on an annual survey conducted among over 50,000 U.S. households, and it provides geographic breakdowns and age and income demographics among fishermen, power boaters, waterskiers, canoeists and sailors.

The Boating Business 1990 also contains statistics and analyses provided by the U.S. Coast Guard, the National Marine Bankers Association of Chicago, Ill., and the International Marina Institute of Wickford, R.I.

The Boating Industry 1990

ACROSS THE COUNTRY

PEOPLE: 73,370,000 Americans participated in recreational boating in 1990, having used the waterways more than twice during the year.

ALL BOATS: 16,022,000 pleasure craft made their way through U.S. waters, compared to 15,658,000 in 1989. The following is a breakdown by boat type and propulsion. Due to this format, the total of these individual estimates will exceed the total pleasure craft population estimate quoted above.

OUTBOARD BOATS: 8,030,000 were owned in 1990.

INBOARD/OUTDRIVE: There were an estimated 1,559,000 inboard/outdrive boats in use at the close of 1990.

INBOARD BOATS: The 545,000 inboard boats owned include auxiliary-powered sailboats.

SAILBOATS: 1,298,000 sailboats without inboard power were in use in 1990. This figure does not include sailboards.

OPEN-DECK BOATS: An estimated 225,000 deck-style boats were in use in 1990. An increase of 19,000 over 1989.

HOUSEBOATS: 38,500 houseboats were in use in 1990.

MISCELLANEOUS: 4,326,500 canoes, rowboats, dinghies and other craft were estimated to have been owned in 1990.

OUTBOARD MOTORS: 11,524,000 outboard motors were owned in 1990.

INBOARD ENGINES: 2,519,000 inboard gasoline and diesel marine engines were owned in 1990.

JET DRIVES: 104,000 jet drives were in use by the end of 1990.

BOAT TRAILERS: Approximately 6,027,000 boat trailers were owned in 1990.

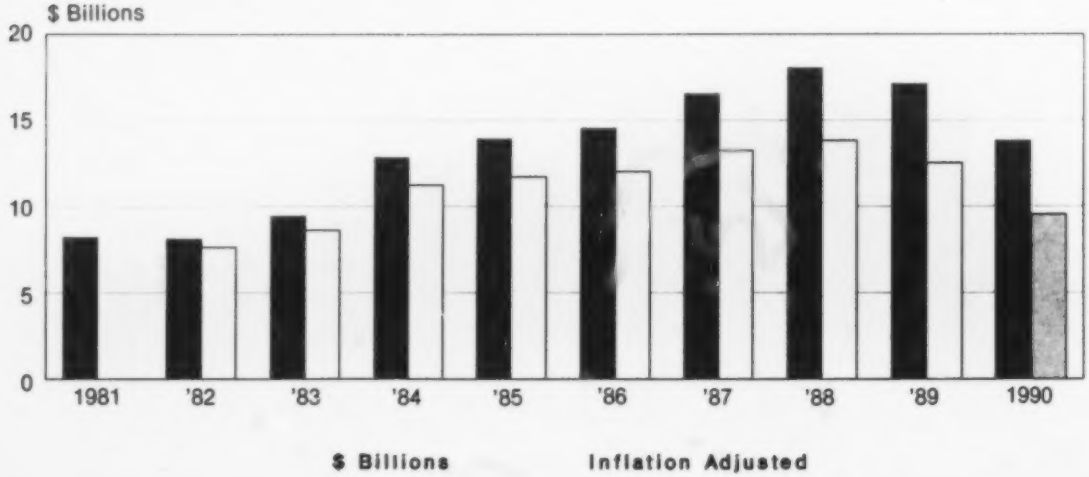
MARINE FACILITIES: Approximately 8,320 marinas, boatyards, yacht clubs, dockominiums and parks served boaters in the United States in 1990.

1990 SALES ESTIMATES: Below are estimated retail unit sales for boats, motors and trailers in 1990; the pages that follow provide detailed information on current and historic dollar and unit sales.
Outboard motors: 352,000 sold
Outboard boats: 227,000 sold
Inboard/Outdrive boats: 97,000 sold
Inboard boats (runabouts): 7,500
Inboard boats (cruisers): 7,500 sold
Sailboats: 21,200 sold
Pontoon boats: 21,800 sold
Inflatable boats: 26,600 sold
Canoes: 75,300 sold
Trailers: 165,000 sold

1990 TOTAL INDUSTRY SALES

Approximately **$13,730,903,000** was spent at the retail level for new and used boats, motors and engines, accessories, safety equipment, fuel, insurance, docking, maintenance, launching, storage, repairs and club memberships. The figure represents an approximate **20** percent decline from 1989 in retail revenues for the industry. The table below also provides an inflation-adjusted historical analysis based on U.S. Consumer Price Index data.

TOTAL INDUSTRY DOLLARS AT RETAIL



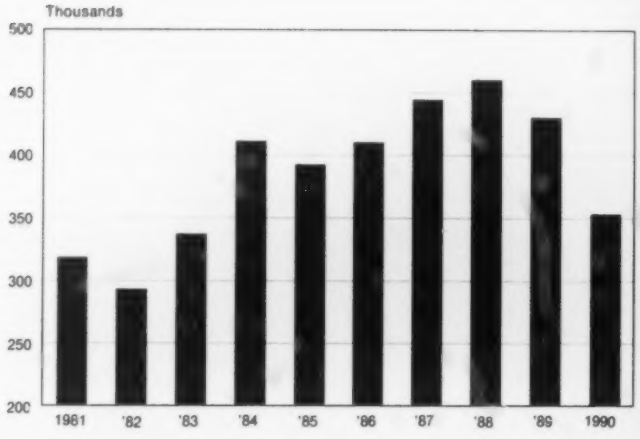
Outboard Motors

Outboard motor sales declined by **78,000** units in the 1990 model year to **352,000**, an **18.1** percent drop from 1989. Dollar sales declined by **$218,000,000**, or **12.3** percent. The average cost of an outboard increased by **7** percent during the year to **$4,392**, up from the 1989 average of $4,103.

An analysis of the effects of inflation reveals that today's average motor costs $3,050 in 1981 dollars, whereas the actual average back in that same base year was $2,195. This **38** percent *real* cost increase can be at least partially explained by the jump in average motor size from 41 horsepower in 1981 to **65.4** horsepower in 1990. Increased sophistication has also increased motor costs beyond inflation.

The peak year for outboard motor sales was way back in 1956, when 642,000 motors were sold. This year's unit sales fell just short of the 392,000 units sold in 1985.

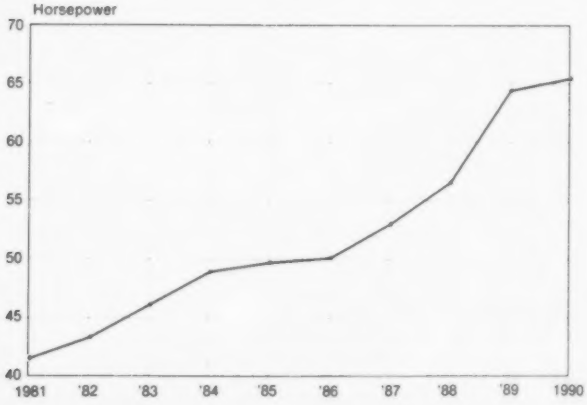
10-YEAR UNIT SALES



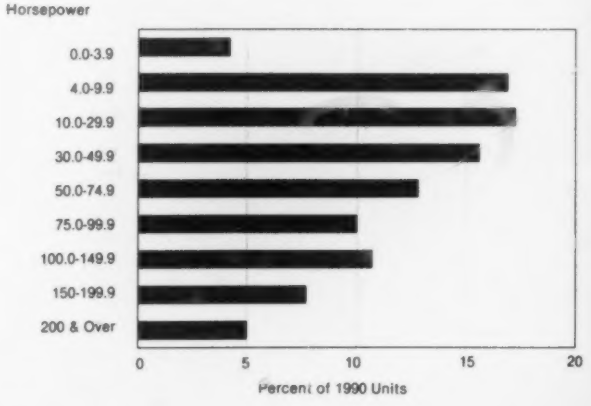
DOLLAR AND UNIT SALES

	1988	1989	1990
Total Units Sold	460,000	430,000	352,000
Retail Value	$1,828,040,000	$1,764,290,000	$1,545,984,000
Average Unit Cost	$3,974	$4,103	$4,392

AVERAGE HORSEPOWER



1990 UNITS BY HORSEPOWER



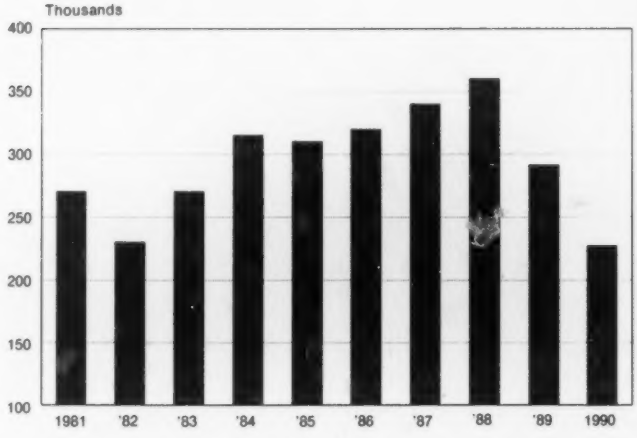
Outboard Boats

Outboard boat sales declined by **64,000** units to **227,000** in 1990, a 21.9 percent drop from the previous model year. In terms of dollars, sales dropped **13.7** percent to **$978,143,000**. Average unit costs increased by **10.5** percent during the year to **$4,309**.

Adjusted for inflation, average unit costs have increased to $2,992 in constant 1981 dollars. This represents a **97** percent real-cost increase from the reported average of $1,535 in '81. This whopping jump can be attributed to several factors: an increase in the average outboard boat length from 15.8 feet in 1981 to **16.5** feet in 1990; a move toward more accessorization of boats (today's average unit price does not include the cost of packaged trailers and motors); and a move toward upscale products throughout the '80s.

Outboard boat sales peaked in 1973 at 448,000 units. This year's sales almost equaled the 236,000 units sold in 1982.

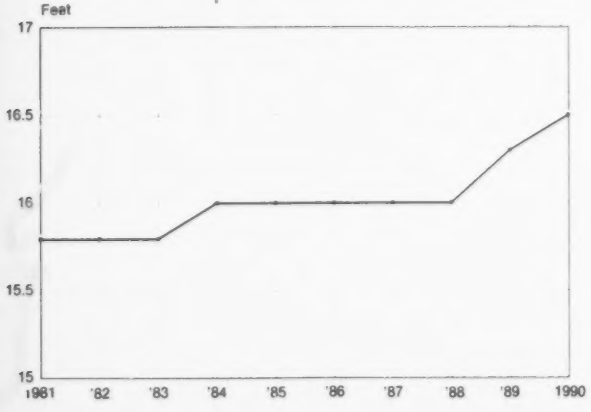
10—Year Unit Sales



DOLLAR AND UNIT SALES

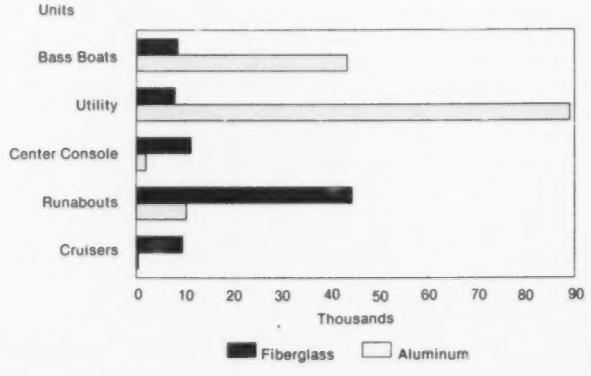
	1988	1989	1990
Total Units Sales	355,000	291,000	227,000
Retail Value	$1,224,750,000	$1,134,027,000	$978,143,000
Average Unit Cost	$3,450	$3,897	$4,309

AVERAGE OUTBOARD BOAT LENGTH



1990 MODEL BREAKDOWN*

*Boating Industry Estimate



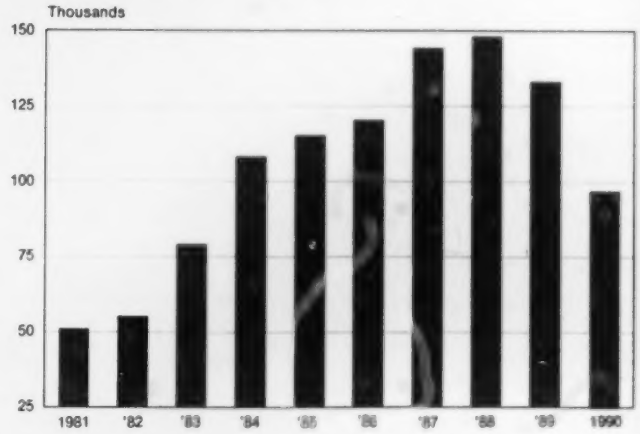
Inboard/Outdrive Boats

Sterndrive boat retail sales fell **27.0** percent in 1990 to 97,000 units, down 36,000 boats. Last year's dollar sales dropped **23.7** percent to **$1,794,306,000**, while average unit costs increased **4.51** percent to **$18,498**.

In constant 1981 dollars, today's average sterndrive boat would cost $12,845, a mere **0.3** percent more than the actual 1981 average of $12,795. The rapid growth of sterndrive boat sales and the resulting economies of scale and competition help explain the meager cost rise for this product segment through the 1980s. Sterndrives have also become available in smaller and smaller boats.

Sterndrive boat sales reached their peak in 1988 at 148,000 units. This year's sales were ahead of the 79,000 units sold in 1983, but they fell short of the 108,000 units sold in 1984.

10-YEAR UNIT SALES



DOLLAR AND UNIT SALES

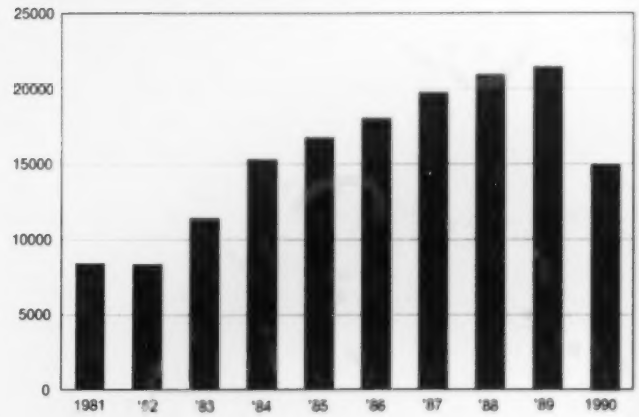
	1988	1989	1990
Total Unit Sales	148,000	133,000	97,000
Retail Value	$2,584,672,000	$2,354,100,000	$1,794,306,000
Average Unit Cost	$17,464	$17,700	$18,498

Inboard Boats

Inboard boats showed **17.5** and **39.0** percent decreases in, respectively, runabout and cruiser retail sales in 1990. Each group reported **7,500** units sold in the U.S. in 1990, reflecting a **1,600** unit drop for runabouts and a **4,800** unit drop for cruisers.

While average unit costs for inboard runabouts declined **10.1** percent in 1990 to **$17,684**, average cruiser costs increased **18.8** percent during the same period to **$184,402**.

10-YEAR UNIT SALES



DOLLAR AND UNIT SALES

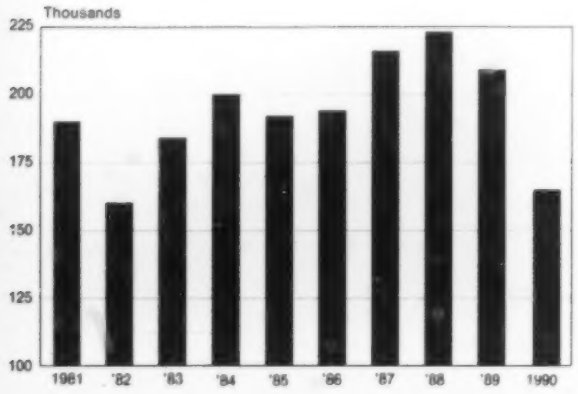
	1988	1989	1990
Total Units Sold (Runabouts)	7,400	9,100	7,500
Average Unit Cost	$17,650	$19,687	$17,684
Total Units Sold (Cruisers)	13,500	12,300	7,500
Average Unit Cost	$139,600	$155,200	$184,402

Trailers

Trailer sales decreased **21.0** percent in 1990 to **165,000** units, a 44,000 unit reduction. Dollar sales declined **14.2** percent to **$177,705,000**, despite a **8.6** percent increase in average unit cost to **$1,077**.

Adjusted for inflation, average unit cost is $747 in 1981 dollars, up **43** percent from the actual 1981 average of $521. Of course, trailer capacities (and therefore costs) have increased along with the size and weight of average vessels. Trailer unit sales peaked in 1973 at 330,000 units.

10-YEAR UNIT SALES

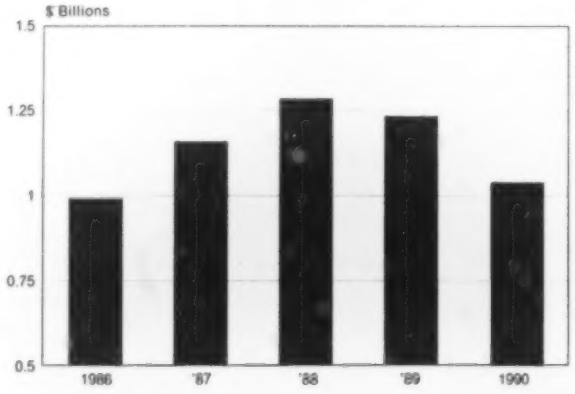


Marine Accessories

Accessory sales dipped **18.4** percent from $1,233,278,000 in 1989 to **$1,040,887,000** in 1990. The $192 million decrease can be linked to weakness in the boating market overall.

The major categories of accessories include electronics, marine hardware, marine controls, propulsion equipment, electrical equipment, cordage, sanitation equipment, heating and air conditioning, sails, marine coatings, pumps and safety equipment. Accessory sales peaked in 1988 at $1.28 billion.

5-YEAR DOLLAR SALES



Inboard Engines

Detailed below are estimated gas and diesel inboard engine sales to North American pleasure boat builders and aftermaket distributors during calendar year 1990. These PSR estimates suggest a **25** percent decline in engine sales during 1990, with combined gas and diesel unit sales dropping to **34,470**.

When comparing these estimates to the official domestic boat sales statistics provided on the previous page, it should be noted that this estimate includes Canadian sales, that cruisers almost always have twin engine installations, that repower units account for anywhere from 15 (1988) to 23 (1990) percent of gas engines sold and that many North American-built inboard boats were exported and would not show up in domestic sales data.

WHOLESALE UNIT SALES*

	1988	1989	1990
Gasoline Inboards			
130-250 HP	15,700	15,100	12,025
251-300 HP	13,900	10,825	7,700
Greater than 300 HP	10,200	10,175	8,075
Total	39,800	36,100	27,800
Diesel Inboards			
75-200 HP	2,075	1,505	1,450
201-500 HP	7,295	5,510	3,275
501-1,000 HP	2,060	1,820	1,570
Greater than 1,000 HP	270	415	375
Total	11,700	9,250	6,670

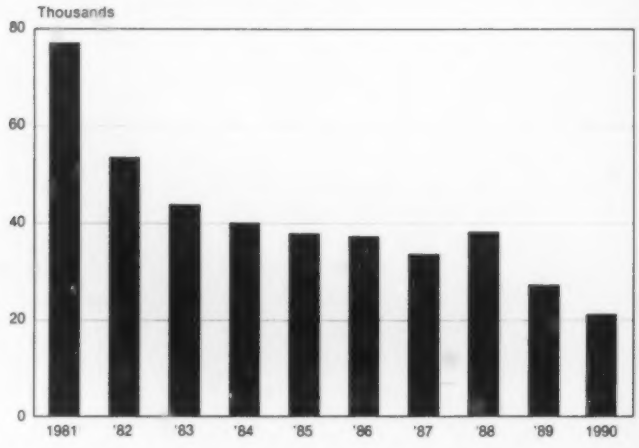
*PSR estimate of calendar year sales in U.S. and Canada. See source section.

Sailboats

The NMMA reports that sailboat sales continued a 10-year downward trend in 1990, with estimated retail sales dropping **22.0** percent among all size categories. Non-powered boat sales dropped **22.3** percent in 1990. Sales of auxiliary-powered boats 30 feet and under dropped **20.0** percent. Sales of auxiliary-powered craft over 30 feet dropped **20.0** percent.

Yet another analysis of the sail market, this one focusing on auxiliary sailboat engines, is presented at the bottom of this page. The estimate was produced by Power Systems Research, a private research firm not affiliated with the NMMA.

10-YEAR UNIT SALES



DOLLAR AND UNIT SALES

	1988	1989	1990
Non-powered sailboats, all sizes*			
Reported Unit Sales	34,800	24,200	18,800
Average Unit Cost	$2,053	$1,583	$1,453
Auxiliary powered sailboats, ⩽ 30 ft			
Reported Unit Sales	1,000	1,000	800
Average Unit Cost	$35,753	$41,146	$43,381
Auxiliary powered sailboats, > 30 ft			
Reported Unit Sales	2,320	2,000	1,600
Average Unit Cost	$87,988	$95,728	$108,399

*Does not include sailboards

Auxiliary Sailboat Engines

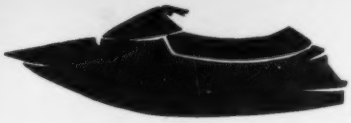
According to PSR estimates, sales of auxiliary sailboat engines to boat builders and distributors in North America fell **20** percent in calendar year 1990.

Although the total estimate of **3,400** auxiliary engines does not concur with the sailboat sales figures given above, it should be noted that this estimate includes Canada, that it is projected for calendar year 1990 and that many American- and Canadian-built sailboats are ultimately exported and would not show up in domestic sales data.

UNIT SALES BY HORSEPOWER*

	1988	1989	1990
9-18 HP	2,055	1,425	1,120
19-40 HP	2,905	2,125	1,620
Over 40 HP	1,090	700	660
Total	6,050	4,250	3,400

*PSR estimate of calendar year sales for U.S. and Canada. See Source Section.



Personal Watercraft

After years of continual growth, the water vehicle industry has met a market downturn. According to PSR estimates, vehicle sales fell **18** percent in 1990, dropping from 80,000 in 1989 to **65,000** in 1990.

Although 70 to 80 percent of watercraft are sold through motorcycle dealers, marine dealer numbers have risen slightly with the introduction of sit-down vehicles. Since 1987, the number of sit-down models and vehicles sold has increased dramatically.

UNIT SALES*

	1988	1989	1990
Sit-down models	20,000	45,000	40,000
Percent of total	40	56	62
Stand-up models	30,000	35,000	25,000
Percent of Total	60	44	38
Total	50,000	80,000	65,000

*PSR estimate of calendar year sales for U.S. and Canada. See Source Section.

Jet Drives

According to a PSR estimate, inboard driven jet drive sales reached **3,500** units in 1990. Mixed flow pumps dominated the field with **67** percent of the market to axial flow's **33** percent share.

Large numbers of jet drives were built back in the '70s, but once the fuel crises kicked in they suffered badly from a fuel-guzzler image. Today's efficient drives have been regaining acceptance among consumers and specialized boat builders. Manufacturers include Berkley, American Turbine, Dominator, Kodiac, Marine Power, Hamilton and others.

WHOLESALE UNIT SALES*

	1990
Mixed flow	2,370
Axial flow	1,130
Total	3,500

*PSR estimates of calendar year sales for U.S. and Canada. See source section.

Generators

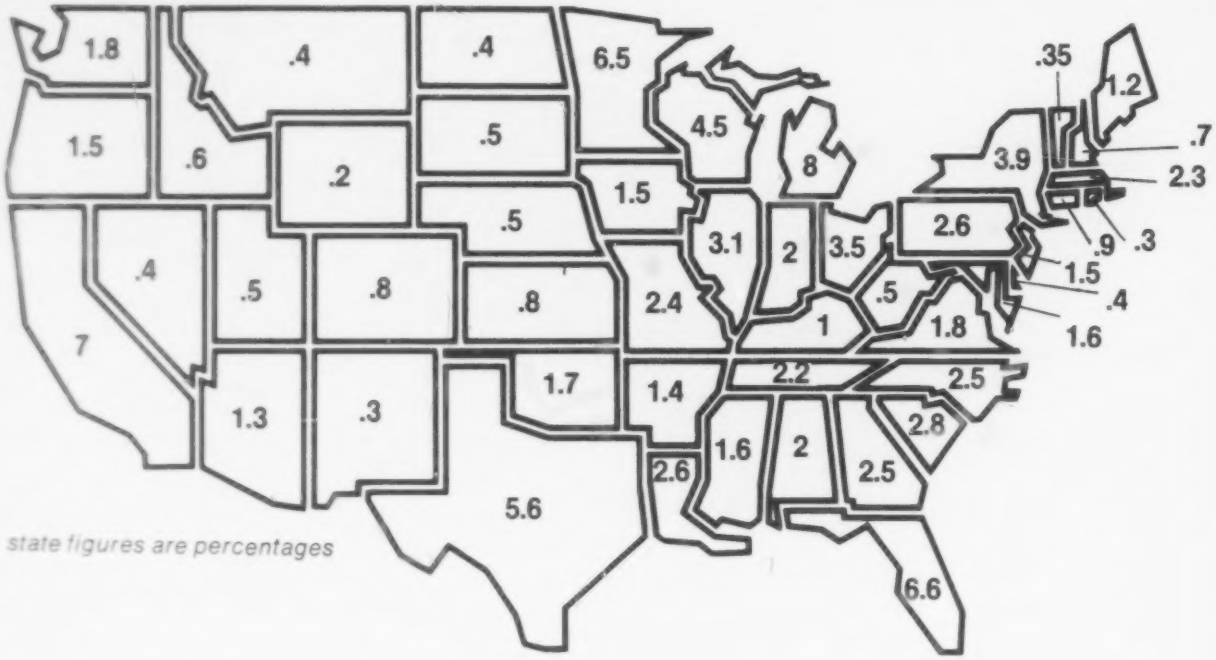
Generators have become such an essential part of larger boats, they are increasingly installed by the original equipment manufacturer. Drooping boat sales have, therefore, cut sales of these units over the past two years. PSR estimates 1990 unit sales at **3,400** gas and **3,950** diesel, **35** and **31** percent declines respectively.

UNIT SALES BY KILOWATT RANGE*

	1988	1989	1990
Gasoline			
Less than 6.5 KW	910	905	230
6.5 & 7.5 KW	3,925	3,980	2,710
Greater than 7.5 KW	330	365	460
Total	5,165	5,250	3,400
Diesel			
4-6 KW	1,135	955	415
8 KW	3,825	3,390	2,415
Greater than 8 KW	1,505	1,455	1,120
Total	6,465	5,800	3,950

*PSR estimate of calendar year sales for U.S. and Canada. See Source Section.

Distribution of 10,777,370 Registered Boats by State



state figures are percentages

Alaska	.3%	N. Marianas	.0%
Hawaii	.1%	Puerto Rico	.26%
American Samoa	.0%	Virgin Islands	.04%
Guam	.0%	District of Columbia	.05%

States	Population (thousands)	Total Registered Boats	% Of Total Registered Boats in the U.S.	One Boat Per () Persons	Sq. Miles Inland Water	Miles of Coastal Shoreline	EFFECTIVE BUYING INCOME Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
NEW ENGLAND—631,984 Registered Boats 5.86% of U.S. Total										
Connecticut	3,282.1	98,254	0.91%	33.4	147	618	17,708	36,407	1,213.7	901.0
Maine	1,222.7	132,039	1.23%	9.3	2,270	3,478	12,459	24,769	462.4	278.3
Massachusetts	5,927.5	250,250	2.32%	23.7	460	1,519	16,430	32,521	2,240.9	1,559.0
New Hampshire	1,106.4	77,229	0.72%	14.3	286	131	15,803	33,102	415.7	300.4
Rhode Island	1,004.3	36,775	0.34%	27.3	158	384	13,855	28,080	370.7	239.0
Vermont	562.2	37,437	0.35%	15.0	341	—	12,329	24,343	215.4	128.7
MIDDLE ATLANTIC—2,112,786 Registered Boats 19.60% of U.S. Total										
Delaware	672.0	41,019	0.38%	16.4	112	381	13,586	27,947	244.1	157.3
Dist. of Columbia	620.1	4,895	0.05%	126.7	—	—	16,409	25,095	254.6	152.0
Georgia	6,526.6	270,134	2.51%	24.2	854	2,344	12,054	25,136	2,369.1	1,417.4
Maryland	4,717.6	173,523	1.61%	27.2	623	3,190	15,920	35,185	1,724.3	1,271.0
New Jersey	7,789.8	158,253	1.47%	49.2	319	1,792	17,764	36,201	2,881.4	2,102.9
New York	18,078.2	419,956	3.90%	43.0	1,731	1,850	14,913	27,632	6,852.1	4,320.6
North Carolina	6,603.8	267,446	2.48%	24.7	3,826	3,375	11,435	22,441	2,493.0	1,379.8
Pennsylvania	12,090.0	279,159	2.59%	43.3	420	89	13,012	25,956	4,612.4	2,841.4
South Carolina	3,526.1	302,282	2.80%	11.7	909	2,876	10,274	21,300	1,284.4	679.7
Virgina	6,104.4	196,119	1.82%	31.1	1,063	3,315	14,329	30,430	2,197.8	1,497.5

States	Population (thousands)	Total Registered Boats	% Of Total Registered Boats in the U.S.	One Boat Per () Persons	Sq. Miles Inland Water	Miles of Coastal Shoreline	Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
GULF COAST—1,982,673 Registered Boats 18.40% of U.S. Total										
Alabama	4,185.7	214,151	1.99%	19.5	938	607	10,063	19,768	1,561.9	773.0
Florida	12,898.1	710,831	6.60%	18.1	4,511	5,095	13,349	24,276	5,229.7	3,067.4
Louisiana	4,425.0	283,467	2.63%	15.6	3,230	7,721	9,847	20,465	1,576.8	802.9
Mississippi	2,657.1	170,515	1.58%	15.6	456	359	9,017	18,090	942.3	431.0
Texas	16,983.7	603,709	5.60%	28.1	4,790	3,359	11,686	23,975	6,128.1	3,538.2
EAST CENTRAL—806,256 Registered Boats 7.48% of U.S. Total										
Arkansas	2,436.6	146,490	1.36%	16.6	1,109	—	9,882	18,808	904.1	427.0
Kentucky	3,766.2	113,166	1.05%	33.3	740	—	10,281	20,086	1,383.2	694.0
Missouri	5,222.7	263,841	2.45%	19.8	752	—	12,381	24,484	1,951.4	1,142.6
Tennessee	4,967.2	233,403	2.17%	21.3	989	—	11,273	22,168	1,881.6	1,023.9
West Virginia	1,896.6	49,356	0.46%	38.4	112	—	9,283	18,179	729.3	334.4
GREAT LAKES—2,983,789 Registered Boats 27.69% of U.S. Total										
Illinois	11,696.9	339,979	3.15%	34.4	700	—	13,981	28,438	4,371.4	2,824.5
Indiana	5,617.9	218,228	2.02%	25.7	253	—	11,471	24,562	2,069.4	1,234.6
Michigan	9,345.3	856,749	7.95%	10.9	1,573	—	12,815	27,093	3,440.6	2,166.0
Minnesota	4,360.1	706,085	6.55%	6.2	4,854	—	13,163	26,848	1,632.2	1,025.2
Ohio	10,934.8	380,412	3.53%	28.7	325	—	12,367	25,336	4,161.7	2,520.6
Wisconsin	4,891.1	482,336	4.48%	10.1	1,727	—	12,776	26,105	1,859.3	1,156.3
*Excludes the waters of the adjacent Great Lakes. Areas listed in sq. miles: Lake Michigan (22,178), Lake Erie (5,002), Lake Superior (21,118), Lake Huron (8,975).										
WEST COAST—1,114,398 Registered Boats 10.34% of U.S. Total										
California	29,227.5	752,836	6.99%	38.8	2,407	3,427	15,225	30,713	10,700.5	7,211.4
Oregon	2,786.5	165,771	1.54%	16.8	889	1,410	11,873	23,624	1,090.1	628.6
Washington	4,683.6	195,791	1.82%	23.9	1,627	3,026	14,003	27,901	1,847.5	1,180.0
MIDWEST MOUNTAINS—1,069,254 Registered Boats 9.92% of U.S. Total										
Arizona	3,638.8	142,858	1.33%	25.5	492	—	11,897	23,709	1,403.2	810.7
Colorado	3,372.5	82,653	0.77%	40.8	496	—	12,914	26,370	1,314.5	822.2
Idaho	1,021.2	63,421	0.59%	16.1	1,153	—	10,454	22,344	362.5	200.6
Iowa	2,857.8	158,258	1.47%	18.1	309	—	11,457	21,823	1,117.2	604.1
Kansas	2,518.0	89,888	0.83%	28.0	499	—	12,866	24,398	962.5	567.4
Montana	814.3	40,000	0.37%	20.4	1,657	—	10,348	20,402	318.2	162.0
Nebraska	1,606.8	57,268	0.53%	28.1	711	—	11,992	22,811	613.1	343.8
Nevada	1,099.5	40,603	0.38%	27.1	667	—	13,968	27,348	454.1	291.9
New Mexico	1,542.2	35,481	0.33%	43.5	258	—	9,934	20,309	557.3	282.3
North Dakota	680.8	43,507	0.40%	15.6	1,403	—	10,595	21,101	249.6	131.0
Oklahoma	3,286.9	184,703	1.71%	17.8	1,301	—	9,817	18,746	1,260.4	592.7
South Dakota	724.0	49,674	0.46%	14.6	1,164	—	10,251	18,640	272.0	127.5
Utah	1,719.9	58,464	0.54%	29.4	2,826	—	9,569	24,894	539.5	328.1
Wyoming	481.9	22,476	0.21%	21.4	820	—	10,383	22,437	184.4	102.7
NON-CONTIGUOUS—76,230 Registered Boats 0.71% of U.S. Total										
Alaska	538.3	29,665	0.28%	18.1	20,171	31,383	15,009	32,678	187.5	128.9
Hawaii	1,121.0	13,501	0.13%	83.0	46	1,052	13,800	31,534	361.7	249.9
American Samoa	—	66	0.00%	—	—	—	—	—	—	—
Guam	—	512	0.00%	—	—	—	—	—	—	—
N. Marianas	—	518	0.00%	—	—	—	—	—	—	—
Puerto Rico	—	28,149	0.26%	—	—	—	—	—	—	—
Virgin Islands	—	3,819	0.04%	—	—	—	—	—	—	—

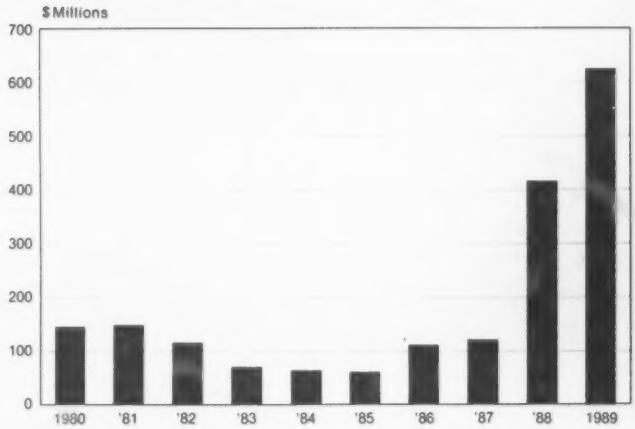
Exports

Exports of American-made boats and marine products jumped for the fourth year in a row in 1989 (statistics are one year behind leading sales figures). Marine exports totaled **$625,354,000** in '89, a **50.8** percent increase over the previous year.

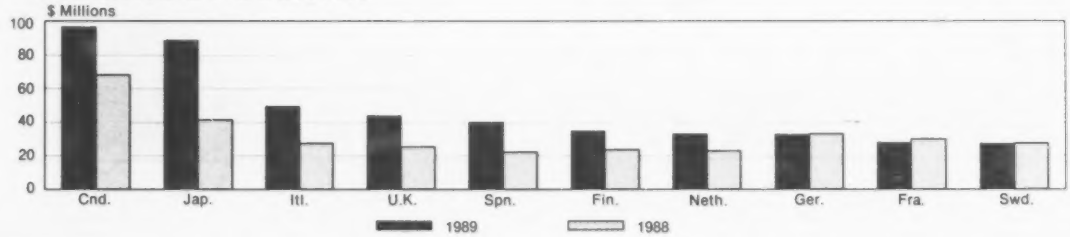
The rising tide of foriegn currency values vs. the U.S. dollar has helped lift sales over the past four years. The dollar is expected to remain weak as long as America's trade deficit persists, but don't expect it to get lower. In late 1990, the government moved to shore up the value of the dollar.

Canada and Japan were again the big growth countries for exports, while France and Germany showed declines. Department of Commerce figures already point to big increases in 1990 export figures.

10-YEAR EXPORTS



EXPORTS BY COUNTRY



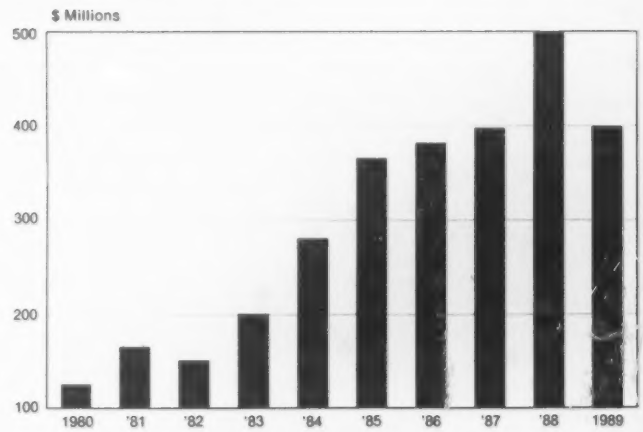
Imports

Imports fell by **21.4** percent in 1989 (statistics are one year behind leading sales figures). The total import figure fell to **$400,573,000**.

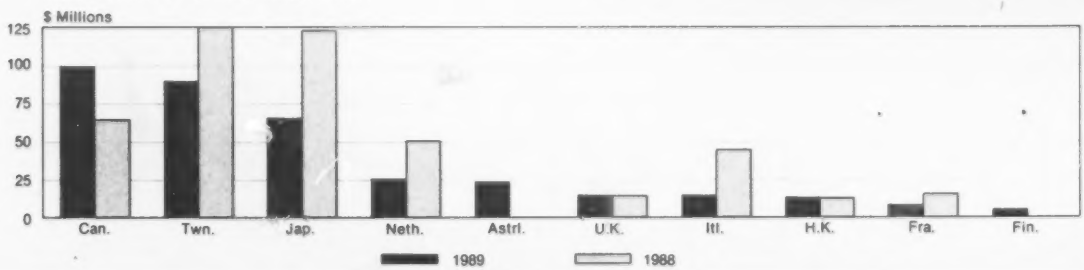
The good news for the U.S. marine industry is that it became a net exporter in 1989, with exports outstripping imports by **$224,781,000**. This is the first year marine exports have outstripped imports since 1980.

The bad news for importers is that the weak U.S. dollar continues to run up prices of foreign goods and discourage competitiveness. Many foreign manufacturers, including Kawasaki (water vehicles), Yamaha (water vehicles), Volvo Penta (sterndrives) and Beneteau (sailboats) have helped offset currency influences by establishing manufacturing capacity here in the U.S.

10-YEAR IMPORTS



IMPORTS BY COUNTRY



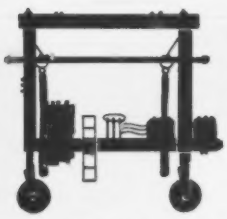
The Average Dealer

According to BOATING INDUSTRY surveys, the average dealer of 1990 grossed just over **$1 million**, with sales breaking down as follows: **70** percent boats, motors and trailers; **10** percent parts and accessories; **10** percent service; **5** percent used boats; and **5** percent finance and insurance.

Retail sales for 1990 were off again substantially. Over the past two years, new boat sales have declined approximately **40** percent. As a result, increasing numbers of retailers are being forced to close their doors as finance costs and overheads surpass sales. At the close of 1988, a substantial amount of leftover product remained unsold in the dealer pipeline. Unfortunately, some of this same inventory still remains in the pipeline along with leftover 1989 and 1990 models.

Some estimate that the industry will have lost as much as **30** percent of its retailers by the spring of 1991. This attrition began in the second half of 1988 and gained momentum, particularly during the 1990 model year. Closings are heaviest among mega-dealerships and those with multiple locations. These closings have had an especially strong impact on manufacturers because of the volumes they were accustomed to generating through such retailers.

The Marine Retailers Association of America (MRAA) is working to strengthen manufacturer/dealer agreements to protect dealers. It is also seeking to establish a uniform model year so that current inventory is not superseded before dealers have a chance to sell it. Some progress has been made, but the MRAA vows to continue its push for reform.



Marinas and Boatyards

The last year saw profits off somewhat or level in most marinas in the U.S. The Northeast was hardest hit, while the Pacific Northwest regional boom continued, with the rest of the West Coast and Great Lakes doing reasonably well. The Gulf states are gradually coming back from their earlier recession. Few clear patterns have emerged, but some observations give us clues. Older, well-established marinas did better than new ones. Those with better marketing and management strategies are fine. Even in those regions suffering the most, some marinas are full and did well financially. Marina owners and developers who bought and built facilities during boom years of highest coastal land valuation are having a hard time covering debt service. Overall, business success was site specific.

Marinas heavily dependent on boat sales were hurt badly in 1990, especially where new boat buyers disappeared and didn't fill slips. Transient business was reported slow, and may get even more so. Reports of unusually high numbers of the large yachts heading for Europe may mean less dockage income in Florida and the Caribbean this winter.

More aggressively marketed marinas held income level to 1989, with some profit increases. The National Marina Index reported median salaries for marina general managers rose **8** percent in 1990 over 1989, up after a 6 percent increase from 1988 to '89; assistant general managers' salaries increased **11** percent in 1990. Empty slips were new experiences in many marinas, with **5-20** percent vacancies more common than not. Fuel cost hikes after August put another cost crimp in the boater's budget. Winter reports from the South indicate a significant drop in Intracoastal yacht traffic. Boatyard services were slow throughout the season, but started to pick up in late fall.

Most of the hardcore boat owners and retirees, about 80 percent of the slip population, remain in marinas. Dropping out in 1990 were many working in real estate, banking, and auto dealerships—the hardest hit by recession. Many new boaters, who between 1987-89 fell for easy credit and go-go marketing of fast boats, dropped out, and were not replaced. Many new owners of high-priced boats found the resale value well below the mortgage owed, but couldn't sell them at even half price; they tended not to use their boats much; many kept them on land.

Dockominiums have definitely lost appeal. Sales in most parts of the country are less than flat, with selling prices way below bought price. Docko slip auctions abound, but find few buyers. Obviously, the much-touted "high profits at resale" sales pitch isn't working, leaving slip investors holding the bag. Loss of management options is becoming a major issue for owners of partially sold dockos.

Environment issues will predominate for the rest of the century. 1990 saw the worlds first International Environment Management of Marinas Conference held in September. International Marina Institute called for all marinas to adopt a more pro-environment management approach. Environmental compatibility of marinas is possible, and it can even boost marina use and profits. Dredging is the number-one problem for marinas. Finding suitable sites for dredged material placement and use is at an all-time low. State and federal agencies continue to debate the problem but do not open sites. No-discharge on lakes seems to be working; pump-out seems to be a non-issue there among managers.

Financial Marketplace

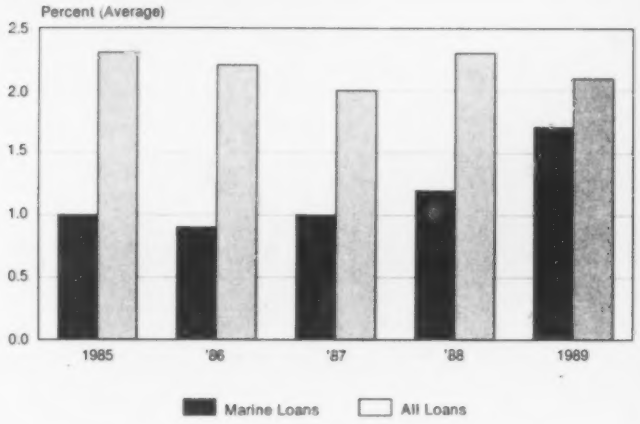
At the close of 1989, members of the National Marine Bankers Association (NMBA) held **$4.8 billion** in consumer boat loans and **$1.3 billion** in wholesale floorplan lending (figures are one year behind leading sales figures).

Data for 1989 was influenced by the increasing activity of national financial service companies, which often offer customized loan programs through manufacturers to dealers and consumers. The participation of these national companies has increased loan unit volumes and effectively decreased the dollar value per loan booked.

With a weighting toward the smaller loan, underlying delinquincies and charge-offs increased slightly to 1.7 and 0.29 percent, respectively. These numbers continue below total installment loan portfolio delinquencies of 2.1 percent and charge-offs of 0.47 percent.

In comparison, the Consumer Bankers Association reports that at year-end 1989, 1.61 percent of auto loans (outstanding) were delinquent, and auto charge-offs were 0.72 percent. Average boat terms advanced to 122 months for direct loans and remained at 116 months for indirect. Turnover periods held steady at 41 months in indirect loans and increased slightly to 43 months in direct loans during 1989.

LOAN DELINQUENCY



The latest statistics show that the average dollar transaction of boat loans by NMBA members decreased to the $27,000 (median) level; still a long way from the average boat sold in the U.S., which has a $8,000 to $9,000 price tag.

Borrower profiles continued pointing to the young and relatively affluent: the typical NMBA boat loan customer is 39 years of age, has a household income of $81,000, owns a home (83 percent), has a working spouse (62 percent) and 2.1 dependents.

Boating Safety

More boats, fewer accidents, fewer fatalities: these are the findings revealed in the Coast Guard's official boating safety statistics for 1989 (figures are one year behind leading sales figures). While the number of registered boats increased **4.0** percent in '89 to **10.7** million, accidents dropped by **10** percent to **6,063**.

Fatality figures also showed significant declines, dropping **6** percent to an all-time low of **896** boating-related deaths. Over the past decade, fatalities have declined 36 percent, despite a 24 percent increase in the number of registered boats and drastic increases in boat performance over the same period.

BOATING SAFETY 1989

	1987	1988	1989
Accidents reported to CG	6,746	6,718	6,063
Boat involved in accidents*	9,020	8,981	8,020
Lives lost in boating**	1,036	946	896
Fatalities per 100,000 boats	6.1	5.5	5.0

*Coast Guard estimate
**Reported to Coast Guard

Boating Comparisons and Demographics

MILLIONS OF PARTICIPANTS

The National Sporting Goods Association (NSGA: see Source section) conducts an annual study of recreational participation in the U.S. Presented below is a list of 40 leading categories, plus a detailed breakdown of income demographics. The NSGA can also provide breakdowns of sex, geographic region, presence of children and other categories

1. Swimming	70.5	7. Exercise/Equipment	31.5	24. Table tennis	13.7
2. Exercise walking	66.6	8. Billiards/Pool	29.6	25. Backpacking	11.4
3. Bicycle riding	56.9	**9. Motor boating**	**29.0**	26. Soccer	11.2
4. Fishing	**46.5**	10. Basketball	26.2	27. Alpine skiing	11.0
5. Camping	40.8	11. Aerobic exercising	25.1	**28. Water skiing**	**10.8**
6. Bowling	40.8	12. Volleyball	25.1	29. Horseback riding	10.1
		13. Running/Jogging	24.8	**30. Canoeing**	**9.4**
		14. Hiking	23.5	31 Racquetball	8.2
		15. Golf	23.2	32. Skateboarding	7.5
		16. Softball	22.1	33. Ice/Figure skating	7.0
		17. Roller-skating	21.5	34. Archery	5.6
		18. Tennis	18.8	35. Skiing (cross country)	4.9
		19. Hunting with firearms	17.7	**36. Sailing**	**4.7**
		20. Dart throwing	17.4	37. Scuba	2.0
		21. Baseball	15.4	38. Snowboarding	1.6
		22. Calisthenics	15.1	39. Ice hockey	1.5
		23. Football	14.7	40. Rugby	0.3

NSGA SPORTS PARTICIPATION STUDY
JANUARY-DECEMBER 1989
(PRESENTED IN THOUSANDS)

		Household Income					Market Size (000)			
	Total	Under $15,000	$15,000-$24,999	$25,000 $34,999	$35,000 $49,999	$50,000 Plus	Non-Metro	50-499	500-2499	2500 +
TOTAL	222,565	54,569	39,431	33,139	42,451	52,974	53,908	51,501	79,011	38,144
	100.0	24.5	17.7	14.9	19.1	23.8	24.2	23.1	35.5	17.1
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SPORTS PARTICIPATED IN:										
FISHING-FRESH WATER	41,005	9,310	7,394	7,823	7,869	8,609	13,496	10,834	12,197	4,478
	100.0	22.7	18.0	19.1	19.2	21.0	32.9	26.4	29.7	10.9
	18.4	17.4	18.8	22.7	19.0	16.0	26.1	21.1	15.2	11.5
FISHING-SALT WATER	11,326	1,900	1,620	1,698	2,834	3,274	2,012	2,498	4,018	2,799
	100.0	16.8	14.3	15.0	25.0	28.9	17.8	22.1	35.5	24.7
	5.1	3.6	4.1	4.9	6.8	6.1	3.9	4.9	5.0	7.2
BOATING, MOTOR/PWR	29,035	3,754	4,167	4,697	6,774	9,642	7,457	7,261	10,559	3,757
	100.0	12.9	14.4	16.2	23.3	33.2	25.7	25.0	36.4	12.9
	13.0	6.9	10.6	14.2	16.0	18.2	13.8	14.1	13.4	9.8
WATER SKIING	10,840	1,234	1,371	1,479	2,425	4,330	2,395	2,524	4,208	1,714
	100.0	11.4	12.7	13.6	22.4	39.9	22.1	23.3	38.8	15.8
	4.9	2.3	3.5	4.5	5.7	8.2	4.4	4.9	5.3	4.5
CANOEING	9,388	1,484	1,319	1,539	2,110	2,936	2,311	2,584	2,950	1,543
	100.0	15.8	14.0	16.4	22.5	31.3	24.6	27.5	31.4	16.4
	4.2	2.7	3.3	4.6	5.0	5.5	4.3	5.0	3.7	4.0
SAILING	4,661	580	412	466	971	2,233	546	838	2,151	1,126
	100.0	12.4	8.8	10.0	20.8	47.9	11.7	18.0	46.1	24.2
	2.1	1.1	1.0	1.4	2.3	4.2	1.0	1.6	2.7	3.0

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